GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:4226
ANSWERED ON:11.08.2016
Performance of Shipping Sector
George Shri (Adv.) Joice

Will the Minister of SHIPPING be pleased to state:

(a) whether the Government is awarethat the Indian shipping companies arefacing problems of restricted cash inflowsdue to very low charter hire and freightrates;
(b) if so, the details thereof along withthe reaction of the Government thereto;
(c) the steps taken/being taken by theGovernment to promote the shipping sectorin the country; and
(d) the financial performance of theShipping Corporation of India Limited foreach of the last three years and the currentyear?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)
(a)to(c):Yes, Madam. Shipping is a cyclical industry and currently it is in a recessionary phase with freight rates at an all time low in major segments, which has adversely affected the financial performance of shipping companies in the recent years.

There has been pessimism in the bulk shipping market after Baltic Dry Index (BDI) experienced a fall of about 50% from a high of 1200 on August 03, 2015 to the current level of 636 as on August 05, 2016. The earning for most dry bulk owners in India and overseas at these levels of BDI has been very low across all sizes of the dry bulk fleet, with owners struggling to cover operating costs.

In order to make the Indian shipping industry competitive, Government has initiated several measures such as:
â€¢ Indian shipping industry has been provided cargo support through Right of First Refusal.
â€¢ Parity in taxation of seafarers employed on Indian flag ships vis-a-vis those on foreign flag ships.
â€¢ Exemption of Customs and Excise Duty leviable on bunker fuels used in Indian flag container vessels for transportation of mix of EXIM, domestic and empty containers between two or more ports in India.
â€¢ Uniform abatement of service tax of 70% for transportation of goods by rail, road and sea vessels.
â€¢ Shipping enterprises based in India have been permitted to acquire ships abroad and also flag them in the country of their convenience.

(d) The details of profit/loss of Shipping Corporation of India for the last three financial years are given below.
Particulars 2013-14 2014-15 2015-16
Profit after tax (in Rs. Cr) (274.66) 200.93 389 (consolidated)
The results for the quarter ended June 30, 2016 (of the current year 2016-17) have not been announced till date.
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